



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590

JUL 1 2011

REPLY TO THE ATTENTION OF:

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Jacob Duke, Plant Manager
Green Plains Bluffton, LLC
1441 South Adams Street
Bluffton, Indiana 46714

Re: Notice of Violation
Green Plains Bluffton, LLC
Bluffton, Indiana

Dear Mr. Duke:

The U.S. Environmental Protection Agency is issuing the enclosed Notice of Violation (NOV) to Green Plains Bluffton, LLC (Green Plains or you) under Section 113(a)(1) of the Clean Air Act, 42 U.S.C. § 7413(a)(1). We find that you have violated the Indiana State Implementation Plan at your Bluffton, Indiana, facility.

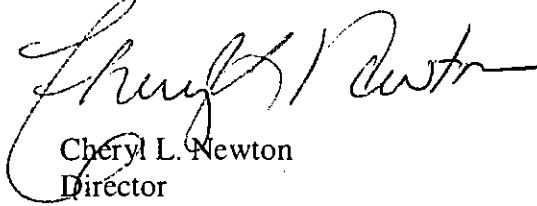
Section 113 of the Clean Air Act gives us several enforcement options. These options include issuing an administrative compliance order, issuing an administrative penalty order and bringing a judicial civil or criminal action.

We are offering you an opportunity to confer with us about the violations alleged in the NOV. The conference will give you an opportunity to present information on the specific findings of violation, any efforts you have taken to comply and the steps you will take to prevent future violations.

Please plan for your facility's technical and management personnel to attend the conference to discuss compliance measures and commitments. You may have an attorney represent you at this conference.

The EPA contact in this matter is Manoj P. Patel. You may call him at 312.353.3565 to request a conference. You should make the request within 10 calendar days following receipt of this letter. We should hold any conference within 30 calendar days following receipt of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Cheryl L. Newton", written in a cursive style.

Cheryl L. Newton
Director
Air and Radiation Division

Enclosure

cc: Phil Perry, Chief
Compliance and Enforcement Branch
Office of Air Quality
Indiana Department of Environmental Management

1. On June 28, 1989, EPA issued guidance on federally enforceable state operating permits (FESOP) establishing federally enforceable limits. 54 Fed. Reg. 27274.
2. On October 25, 1994, the Indiana Department of Environmental Management (IDEM) submitted to EPA a proposed revision to the Indiana SIP establishing a FESOP program in Indiana, 326 Indiana Administrative Code (IAC) 2-8, and an Enhanced New Source Review (NSR) regulation, 326 IAC 2-1-3.2.
3. On August 18, 1995, EPA approved the Indiana FESOP program, 326 IAC 2-1-3.2 and 326 IAC 2-8-4 as part of the federally enforceable Indiana SIP, effective October 17, 1995. 60 Fed. Reg. 43008-43012. 40 CFR §§ 52.770 (c)(97) and (c)(98).
4. On February 20, 2008, EPA approved a revision to the Indiana SIP consisting of an amendment to 326 IAC 8-5-6 adding a volatile organic compounds (VOC) rule for fuel grade ethanol production at dry mills. 73 Fed. Reg. 9201-9203. 40 CFR §52.770 (c)(182).
5. 326 IAC 2-1-3.2(a) allows sources required to obtain a construction permit to elect to be subject to the Enhanced NSR regulations for purpose of integrating their NSR requirements with their FESOP requirements.
6. 326 IAC 2-1-3.2(c) requires permits issued under Enhanced NSR regulation to FESOP sources to include the permit requirements of 326 IAC 2-8-4.

7. 326 IAC 2-8-4(1) requires that all FESOP permits contain emission limitations and standards that assuring compliance with all applicable requirements in effect at the time of the FESOP issuance.
8. Pursuant to 326 IAC 2-8-6(b), all terms and conditions in a FESOP, including any provisions designed to limit a source's potential to emit, are enforceable under the Act by EPA.
9. 326 IAC 8-5-6(e) provides that the owner or operator of a fuel grade ethanol dry mill production plant that was constructed or modified after April 1, 2007, that installs and operates a thermal oxidizer as its VOC control device shall measure the three (3) hour average operating temperature of the oxidizer using a continuous temperature monitor. The 3-hour average temperature must be greater than or equal to the minimum operating temperature established during the plant's most recent compliance demonstration.
10. 326 IAC 2-8-4(5) states that the permittee must comply with all conditions of the FESOP. Noncompliance with any provisions of the FESOP is a grounds for an enforcement action; FESOP termination, revocation and reissuance, or modification; or for denial of FESOP renewable application.
11. 40 C.F.R. § 52.23 provides, among other things, that a person who fails to comply with any permit condition issued in accordance with a SIP-approved operating permit or with any approved regulatory provision of a SIP is in violation of and subject to an enforcement action under Section 113 of the Act.

Facility Background

12. Green Plains Bluffton, LLC (Green Plains) owns and operates a fuel grade ethanol dry mill production facility at 1441 South Adams Street, Bluffton, Indiana (the facility).
13. Green Plains is a "person" as that term is defined in Section 302(e) of the Act, 42 U.S.C. § 7602(e).
14. The facility includes: four (4) natural gas fired DDGS dryers, identified as EU029 through EU032, with emissions controlled by a two (2) recuperative thermal oxidizer and heat recovery steam generating systems, identified as C10/B10 and B11 and exhausting to stack S10.
15. The facility has the potential to emit more than 100 tons per year of nitrogen oxides (NO_x).
16. On March 13, 2007, IDEM issued a FESOP with conditions, F179-23641-00033, to Green Plains. FESOP # F179-23641-00033 limited the facility's NO_x emissions to less than 100 tons per year.
17. Green Plains' FESOP #F179-23641-00033 establishes the following permit conditions:

- (a) Emissions from thermal oxidizers systems, C10/B10 and B11 (including 4 DDGS dryers EU029 through EU032), shall not exceed 21.20 pounds of NO_x per hour.
 - (b) On and after the date that stack test results are available, [Permittee] shall operate the thermal oxidizers, C10, at or above the hourly average temperature as observed during the compliance stack test.
18. On October 20, 2010, EPA conducted an inspection of the facility to assess compliance with the Act.
19. On April 1, 2011, EPA issued a Request for Information to the Bluffton facility under Section 114 of the Act, 42 U.S.C. § 7414.
20. On April 21, 2011, Green Plains responded to EPA's Request for Information.
21. Based upon calculations performed by EPA using the hourly NO_x emissions in pounds per million British Thermal Unit (lb/MMBtu) and hourly natural gas flow in MMBtu recorded by the Continuous Emissions Monitoring System, EPA has determined that Green Plains exceeded its permitted NO_x limit of 21.20 pounds per hour from November 20, 2008 through April 6, 2011.
22. Based upon the thermal oxidizer system, C10, combustion chamber temperature records submitted by Green Plains, EPA has determined that Green Plains operated the thermal oxidizer system from February 6, 2009, through April 1, 2011, below the required 3-hour average temperature.

Violations

23. Green Plains has exceeded the NO_x emission limit of 21.20 pounds per hour, as specified in the FESOP #F179-23641-00033, Emission Limit D.3.2(d), which violates 326 IAC 2-8-4 and 326 IAC 2-1-3.2, and 40 C.F.R. § 52.23.
24. Green Plains' operation of the thermal oxidizer, C10, below the required 3-hour average temperature, as specified in FESOP #F179-23641-00033, Emission Limit D.3.14(c), which violates 326 IAC 2-8-4, 326 IAC 2-1-3.2, 326 IAC 8-5-6, and 40 C.F.R. § 52.23.

Date

7/1/11

Cheryl L. Newton
Director

Air and Radiation Division

CERTIFICATE OF MAILING

I, Tracy Jamison, certify that I sent a Notice of Violation, No. EPA-5-11-IN-08, by

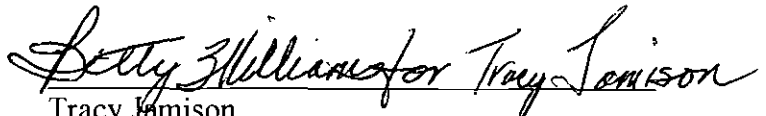
Certified Mail, Return Receipt Requested, to:

Jacob Duke, Plant Manager
Green Plains Bluffton, LLC
1441 South Adams Street
Bluffton, Indiana 46714

I also certify that I sent copies of the Notice of Violation by first-class mail to:

Phil Perry, Chief
Compliance and Enforcement Branch
Office of Air Quality
Indiana Department of Environmental Management
100 North Senate Avenue, room 1GCN 1003
Indianapolis, Indiana 46206-6015

On the 5th day of July 2011.


Tracy Jamison
Office Automation Assistant
AECAB, PAS

CERTIFIED MAIL RECEIPT NUMBER: 70091680 0000 7666 6343